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**Top Secret**

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NATIONAL INTELLIGENCE DAILY CABLE

Friday April 29, 1977

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State Dept. review completed

**NATIONAL SECURITY INFORMATION**

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National Intelligence Daily Cable for Friday, April 29, 1977.

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The NID Cable is for the purpose of informing senior US officials.

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PAKISTAN: Speeches in Parliament

*[Redacted] Prime Minister Bhutto and Foreign Minister Aziz Ahmed, in speeches to parliament, have accused the US of meddling in Pakistani domestic politics. The US embassy regards Bhutto's speech as signaling the opening of a new and difficult period in US-Pakistani relations.*

*[Redacted] Without specifically naming the US, Bhutto said a "superpower" was flooding the country with dollars in an effort to "destabilize" Pakistan. He tied this to attempts to prevent Pakistan from acquiring a nuclear fuel-reprocessing plant.*

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[ ] In the same speech, Bhutto did name the US in complaining about a telephone conversation--tapped by the Pakistanis--in which US diplomats allegedly said Bhutto was finished as prime minister. The embassy believes the conversation was one in which the consulate in Karachi reported the views of one of its contacts, not the views of a US official.

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[ ] The foreign minister was far less specific about US activities, concentrating instead on the British Broadcasting Corporation's alleged efforts to encourage subversion. The BBC's balanced coverage of events in Pakistan has made it an important source of news for Pakistanis.

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[ ] Similar allegations already have appeared in the press. Their speeches, however, were considerably stronger than any of their previous public statements. They obviously are trying to discredit the opposition by claiming it has foreign backing, but there are also indications that Bhutto believes there is some basis for his charges. [ ]

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#### CHILE: Church-State Relations

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[ ] //President Pinochet, reacting in an uncharacteristically conciliatory manner, has backed off for the moment from some of the heavy-handed policies that recently incited bitter condemnation from the Catholic Church, the Christian Democratic Party, labor leaders, the press, and leading intellectuals. Pinochet is probably concerned that he had overstepped himself by enacting a series of harsh measures advocated by a close circle of extreme rightist advisers.//

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[ ] //To avert a confrontation with the Catholic Church and embarrassment abroad, Pinochet abruptly ousted Justice Minister Damilano on April 20. The minister, [ ]

was

[ ] in office for just over a month. He aroused the ire of the

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Catholic hierarchy by publicly attacking a group of bishops for their strong censure of social and political conditions in Chile.//

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[REDACTED] //Damilano's statements appeared in print at a time when Pinochet has been cautiously seeking to avoid friction with the church. In a letter to the offended bishops, the President clearly disavowed the views of the outspoken minister.//

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[REDACTED] //Although junta and church leaders have gone to some lengths to keep their dispute from leading to a sharp break, the church seems likely to assume a more belligerent attitude in the future. So far, the most striking evidence of increasing stridency has been a church attack on the junta for dissolving Chile's remaining democratic political parties last month. The church is virtually the only stronghold of criticism that has not been silenced by the government.//

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[REDACTED] //May Day observances planned by the church and Christian Democratic labor leaders could provide a platform for the expression of antigovernment views. They will probably be careful, however, to refrain from any action that might provoke a showdown. [REDACTED]

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ZAMBIA: Cabinet Reorganization

*[redacted] Sweeping Zambian cabinet changes this week reflect the country's serious economic problems and perhaps some discontent in the military.*

*[redacted] At a widely publicized gathering of cabinet officials, press representatives, and diplomats, President Kaunda announced the sacking of several ministers, the reassignment of others, and a reorganization of the government's economic ministries. The fired ministers were ousted for political misdeeds, but*



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the reorganization was designed mainly to enable the ministries responsible for the economy better to come to grips with Zambia's economic problems. Kaunda also announced that changes within the ruling party may soon take place.

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[ ] The new appointees are young and personally dependent on Kaunda. They lack both experience and political strength and were chosen mainly because of their loyalty to the President. They are not likely to have much impact on the economic situation.

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[ ] Kaunda plays the key role in directing all national activities. He can be authoritarian when necessary but prefers to work for consensus. Domestic problems and dissension within the ruling party often persist for some time before Kaunda finally steps in to take firm action.

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[ ] The cabinet reshuffle appears to fit this pattern. For a variety of reasons, Zambia's economy has been under severe strain. Shortages of essential consumer items and the government's serious foreign exchange problems have produced some criticism of Kaunda, his policies, and the officials around him.

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[ ] Kaunda has been criticized for lack of attention to internal matters because of his involvement in foreign affairs, particularly Rhodesia. The dramatic way in which he announced the cabinet changes is typical of his approach to problem solving; he seems to think a sudden burst of activity will somehow ameliorate economic conditions, enhance his image, and quiet internal criticism. His hint of changes within the party leadership may have been made with next year's national election in mind. There has been some concern in party and government circles that Kaunda might be embarrassed by a poor voter turnout.

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[ ] //One surprise in the reshuffle was the removal of long-time defense force commander General Chinkuli from his military position, and his appointment to head a ministry. No clear reason for his removal has emerged, but rumors suggest he has been accused of corruption, ineptness, or too much ambition.//

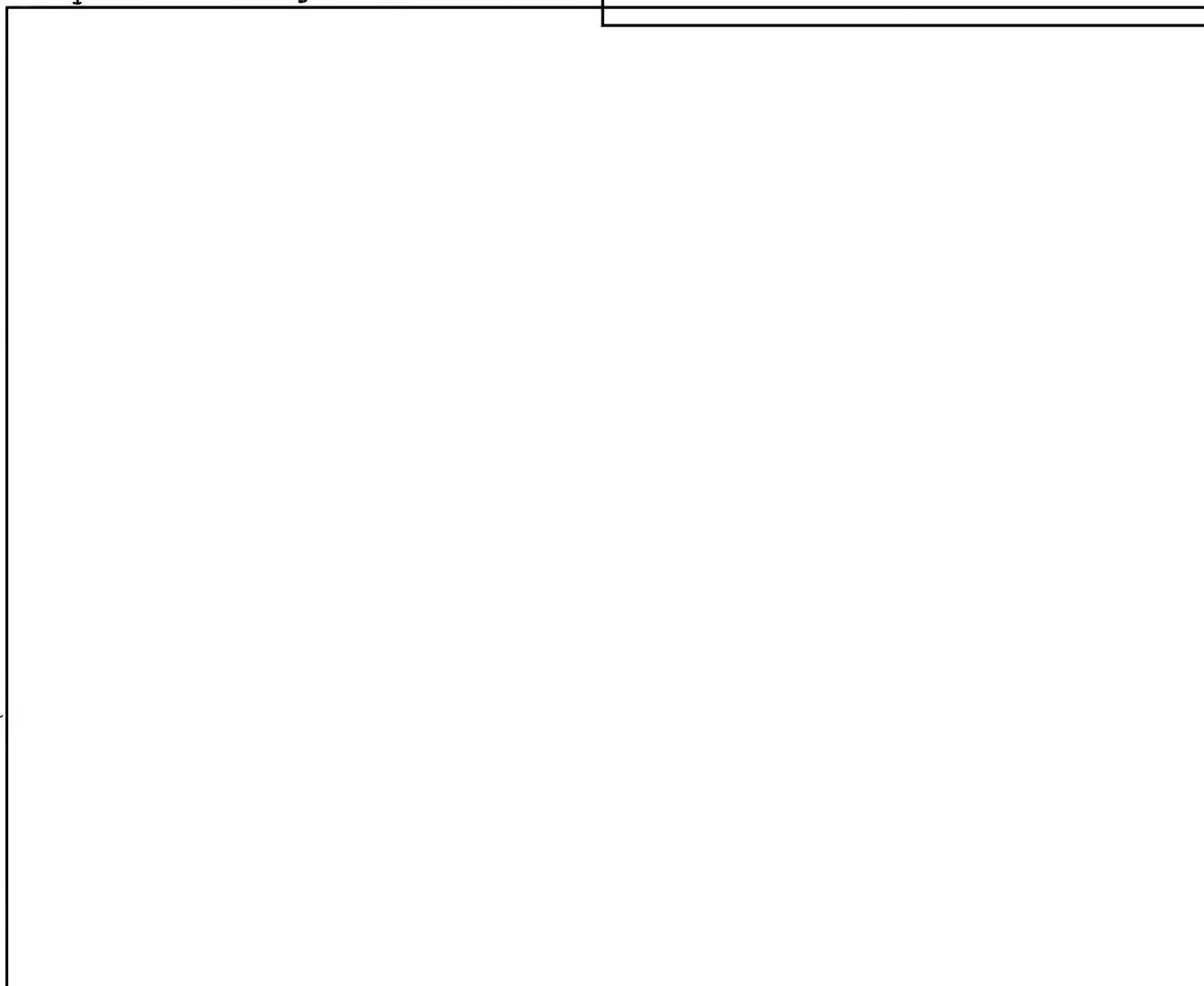
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[ ] //Chinkuli has long been considered by observers to be lackluster and has often been criticized by others in

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the military. A common thread in the criticism is that discontent with his leadership was growing within the military. There is also a report that a number of officers were threatening to appeal directly to Kaunda.//

25X1 [ ] It would be typical of Kaunda to avoid dealing with problems in the military until they became too serious to ignore. It seems likely that Kaunda, constantly fearful of white Rhodesian retaliation for his support to black insurgents and skittish over imagined security threats, may have decided that discontent with Chinkuli and other shortcomings of the military required a change of commanders. 25X1 [ ]



BRAZIL: Possible Demonstrations

*[redacted] //Senior Brazilian officials are concerned about a possible resurgence of student activism at the University of Sao Paulo. Student protests could lead to major anti-government demonstrations in the city, especially if the students are joined by unemployed workers.//*

*[redacted] //Late last month, about 3,000 students participated in a protest that, while peaceful, provoked an overreaction by security forces that resulted in the worst traffic jam in the history of Sao Paulo. Although the students said they were protesting cuts in the university's budget, [redacted]*

*[redacted] they were actually demonstrating against President Geisel's rumored intention to take additional anti-democratic measures.//*

*[redacted] Soon after, Geisel suspended the national congress for two weeks and decreed several measures that effectively undercut the growing strength of the legal opposition party.*

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[redacted] Sao Paulo, Brazil's largest industrial center, is a major opposition stronghold. Despite the absence of any reaction to Geisel's moves, there is no doubt his recent actions are especially unpopular there. While the country as a whole has suffered from rampant inflation, government economic policies have been especially unpopular with Sao Paulo businessmen, and a slowdown in the automotive industry there has resulted in numerous layoffs.

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[redacted] //Security officials are reportedly taking measures to guard against any serious disruptions, which might occur as early as May 1. While they will probably not try to prevent rallies or demonstrations composed entirely of students, they are concerned that unemployed workers might join the students.

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[redacted] The authorities could easily disrupt any organized demonstrations because the student groups and labor unions are institutionally weak. Protests nevertheless could occur spontaneously and mushroom.

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USSR: Another Hotel Rossiya Fire

[redacted]  
[redacted] a fire broke out last Sunday in the east wing of the Hotel Rossiya. The hotel's north wing is still undergoing extensive repairs after a catastrophic blaze on February 25 that killed or injured scores of guests.

[redacted] There is no information yet on the extent of Sunday's fire or on possible casualties. Circumstantial evidence suggests, however, that the blaze was considerably smaller than the earlier one.

[redacted] With two fires in as many months, hotel authorities reportedly were extremely on edge. One official, for example, at first tried to deny [redacted] that there was a fire but finally admitted to a "small incident" when firemen arrived and smoke was evident.

[redacted] Traditional Soviet reticence to acknowledge fires, accidents, and other "sensationalist" events limited Soviet reporting on the February blaze to a curt, uninformative announcement. The first detailed account of that fire appeared on April 20 in the journal *Literary Gazette*. The article was, characteristically, designed to extol official measures to combat the fire and to refute allegedly tendentious and slanderous reports in the Western press. [redacted]

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